

MINUTES

REGULAR MEETING OF
CITY OF ALAMEDA ECONOMIC DEVELOPMENT COMMISSION
THURSDAY, APRIL 16, 2009
7:30 PM

This meeting was held at City Hall West, Alameda Point, 950 West Mall Square, Room 201.

- CALL TO ORDER AND ROLL CALL

Chair Zuppan called the meeting to order at 7:30 p.m.

Present: Chair Zuppan. Commission Members: Breuer, Harrison, Lindsey, Milgram (arrived at 7:40 a.m.), and Ryan

Absent: Commission Members: Bonta and Dahlberg

Vacancy: (1)

Staff: Leslie Little, Dorene Soto, Debbie Potter, Eric Fonstein, and Rosemary Valeska

2. MINUTES

2.a. Minutes of the Special Meeting of March 12, 2009

2.b. Minutes of the Regular Meeting of March 19, 2009

Motion (Breuer), seconded, and unanimous (with abstention by Lindsey) to approve the minutes of the Special Meeting of March 12, 2009 and the minutes of the Regular Meeting of March 19, 2009 as submitted.

3. CONSENT CALENDAR

(None)

4. ORAL COMMUNICATIONS – PUBLIC

(None)

5. UNFINISHED BUSINESS

(None)

6. NEW BUSINESS

6. a. Alameda Landing Update Presentation by Base Reuse and Community Development Division Manager

Ms. Potter reported that the notice to proceed for the Stargell improvements will be issued in May. Ms. Potter introduced Sean Whiskeman of Catellus. Mr. Whiskeman reported as follows:

- There are rumors circulating regarding the state of Prologis and Catellus; however, they are doing just fine. Prologis has been deleveraging and raising capital in order to reduce debt.
- Catellus is in active negotiations with Target. Target is very interested in locating in Alameda.
- Catellus now plans for Target to be a stand-alone first phase for Alameda Landing. This will require phased infrastructure, i.e., the Stargell interchange.

At this time, the Chair opened the floor to Commission Member questions:

- Commission Member Breuer asked about the planned date of the Target opening. Mr. Whiskeman responded that it would be the summer or fall of 2011. Target only opens new stores on three days a year.
- Commission Member Milgram asked if Target had done an analysis that Alameda would be a good market. Mr. Whiskeman responded that Alameda fits Target's demographic profile. The Island would be the primary trade area even with a stand-alone building, which is not typical for them.
- Commission Member Milgram asked about the demand from off the Island. Mr. Whiskeman responded that Target has not shared that information with Catellus.
- Commission Member Milgram asked about the number of people per square foot. Mr. Whiskeman responded that this can vary from retailer to retailer; they all have different formulas.
- The Chair noted that all this was explored when Target was looking at Alameda Towne Centre. The Chair directed the recording secretary to provide Commission Member Milgram with copies of the staff reports from that time.
- Commission Member Harrison asked about how Catellus plans to introduce Target to Alameda. He also asked about the effect on home values. Mr. Whiskeman responded that there will be public meetings and press releases at certain milestones. Regarding locating next to residential, he added that the larger format stores at Alameda Landing

would back up to Mariner Square Loop, thereby reducing the noise impacts on residential. Catellus will be working closely with staff regarding mitigation measures for residential.

- Commission Member Harrison asked if some type of opposition appears, if there was an alternate plan. Mr. Whiskeman responded that Catellus would have to find an anchor that other retailers would want to be around. The project would not proceed without an anchor. Ms. Potter added that the Alameda Landing project was already approved. The proposal to phase Target as a stand-alone would need to go back to the Planning Board for minor design review; however, the project has already received its entitlements. Ms. Potter added that the community has maintained that the location near the Tubes would have less impact on residential.
- Commission Member Milgram asked about the environmental impact on the Tubes. Ms. Potter responded that these issues were addressed in the Supplemental EIR for the 2006 Disposition and Development Agreement for the mixed-use development. Strategies include shuttles and water taxis.
- Commission Member Harrison asked if a parking structure was being proposed for Target. Mr. Whiskeman responded that it would be surface parking but at a lower ratio than other centers.
- The Chair asked Ms. Potter if the Stargell project had received federal stimulus funds. Ms. Potter responded that prior to the stimulus, the City had applied for the State Transportation Improvement Program (STIP) funds and the City came up with matching funds. The City has submitted an application for stimulus funds for the landscaping portion of the project. Catellus will reimburse the City for its local match upon the commencement of the first phase construction.
- The Chair asked if there was anything in the Stargell project that would help Alameda businesses and subcontractors. Ms. Potter responded that we have to comply with Caltrans regulations when it comes to how we advertise for bids. There were 11 firms that submitted bids. The bidding was very competitive, and the low bid was from a Livermore firm. Ms. Little noted that we will market local businesses to the workers.
- The Chair asked about the Catellus staffing for the stand-alone first phase. Mr. Whiskeman responded that Catellus has a full team at the Jack London Square office. Mr. Whiskeman is the project lead. They have development support staff and full construction team support from the Denver office. They also have a team of consultants that has been involved in this project since the beginning. Catellus' general contractor and subcontractors have yet to be determined. Alameda

Landing is the only active development project for Catellus – Northern California.

- The Chair asked if Catellus was still looking at 100 percent recycling. Mr. Whiskeman responded that Catellus has a demo program in place. It is economically good for Catellus and good corporate policy to reuse whenever possible. Catellus is committed to reusing as much as they can if not 100 percent. A fair amount of the demo will be reused.
- The Chair asked if the project will look like the drawings we saw before. Mr. Whiskeman responded that Catellus was not looking to cheapen the project and that it would go through the public review process.
- The Chair asked if we were still looking at sales of \$400 psf. Mr. Whiskeman responded that the range for general merchandise is \$300 - \$450 psf. He added that the Bay Area is a strong market for Target. Ms. Potter stated that sales of \$250 million per year had been previously projected.
- Mr. Whiskeman stated that the Target would be 134,000 sf with 115 sf being sales area. No garden center is planned.
- The Chair asked what other stores might be interested. Mr. Whiskeman responded that Target would be the one large format store. There has been some interest from grocery as a category. There has been interest from smaller groups.
- The Chair asked if it was true that Clif Bar was not going to happen. Mr. Whiskeman responded that Catellus was not in active negotiations with Clif Bar for Alameda Landing. Ms. Potter added that Clif Bar had been hit hard by the recent peanut recall and they are staying put in Berkeley.
- The Chair noted that the shopping mall company General Growth had filed for bankruptcy today. Does Catellus feel OK since they are in shopping centers, too? Mr. Whiskeman responded that Catellus is the business unit of Prologis, which has been engaged in a series of deleveraging activities and recently raised \$1.1 billion on Wall Street. He added that they are feeling good about things at the moment.
- Commission Member Harrison questioned the estimate of 15 percent off-Island sales based on figures from the San Leandro and Albany Targets. Mr. Whiskeman responded that Alameda has a defining border, the Estuary. He added that Catellus is working with WABA going forward to be sure they are good neighbors.
- Commission Member Milgram asked what types of stores like to be near a Target. Mr. Whiskeman responded: electronics, soft goods, apparel, books, and housewares. This then spins off into restaurants

and smaller shops. He added that he was not able to name specific businesses at this time.

- Ms. Little asked what should a 300,000 sf center generate in sales. Mr. Whiskeman responded that he would need to do the math. All the categories have the same ranges. He stated that he would put something together.
- Commission Member Harrison asked if there was any chance of an Apple i-store. Mr. Whiskeman responded that Catellus would love to have one.

The Chair thanked Ms. Potter and Mr. Whiskeman. She noted that Commission Members Harrison and Milgram chaired the business retention and business attraction subcommittees and asked for Mr. Whiskeman's assistance to these subcommittees. This item was provided for information, only; no EDC action was requested.

6. b. Consideration of Recommendation to Modify Inclusionary Housing Requirements in Redevelopment areas (Planning & Building Dept.)

Andrew Thomas, Planning Services Manager, stated that the EDC was being asked for input to pass along to the City Council regarding the proposal to rollback the 25 percent inclusionary requirement in redevelopment areas to 15 percent, which would be the same as the rest of the city. Mr. Thomas recapped the agenda report regarding the State of California's requirement that cities must adopt a Density Bonus Ordinance that encourages the creation of affordable units on a voluntary basis. The State wants to encourage affordable housing and has set very high standards (i.e., health and safety issues) if a city wants to deny affordable housing due to density. Mr. Thomas explained the system whereby developers can request incentives or concessions.

In March, the Planning Board recommended the adoption of a density bonus ordinance to the City Council. A copy of the Density Bonus Ordinance recommended by the Planning Board was included as an attachment to the EDC's staff report. The ordinance, as recommended by the Planning Board, would roll back the inclusionary requirement in redevelopment areas from 25 to 15 percent. The logic behind this is that density bonus is a reward system and if the 25 percent inclusionary requirement was not rolled back, then every project in a redevelopment area would trigger the State density bonus. At this time, all potential major housing projects, with the exception of Ballena Shores, would be located in a redevelopment area.

At this time, the Chair opened the floor to Commission Members' questions and comments:

- Commission Member Harrison stated that this was a good idea and made practical sense. Commission Member Ryan stated his agreement.
- Commission Member Lindsey asked how much housing do we want in Alameda. Mr. Thomas responded that the City has a good grasp on how many housing units we can handle. This is why we need the proposed Density Bonus Ordinance; keeping the inclusionary requirement at 25 percent in the redevelopment areas would automatically increase density. Ms. Lindsey stated that she would now want the rollback.
- Commission Member Harrison stated that the rollback could result in more single-family residential units and not just condominiums for the affordable units.
- Commission Member Breuer asked if developer concessions would be granted by the Planning Board or City Council. Mr. Thomas responded that per the State law, developers can ask for what they want. Planning staff was proactive by listing suggested conditions in the draft ordinance. The City could say no to a requested concession if it could be determined that the concession was not necessary to make the project financially feasible. All projects over five units automatically go to the Planning Board, and all concessions are site specific.
- Commission Member Breuer asked about the compliance section of the proposed ordinance and asked if it would be comparable to rent control. Mr. Thomas responded that this would be different – it would only pertain to a situation where a developer promised to provide a specified number of units affordable to certain income groups. Ms. Little stated that affordability covenants would be recorded. Ms Soto stated that affordable units are monitored every year by HUD and City staff.
- The Chair asked about the child care provisions of the proposed ordinance and what would happen if the child care center went out of business. Mr. Thomas responded that the State law regarding child care centers can be problematic for cities. The City would most likely require that the developer keep the child care center open.
- The Chair asked what the age requirement was for senior housing. Mr. Thomas responded that it was 55. Mr. Thomas added that 99 percent of the language in the draft ordinance is from the State. For the City of Alameda, the only real issues are: 1) the proposed roll back of the inclusionary requirement from 25 to 15 percent; and 2) the proposed list of concessions for developers.

- The Chair asked how Alameda compares to other cities. Mr. Thomas responded that only three cities, including Alameda, have inclusionary housing requirements at or close to 25 percent.
- The Chair asked about the economic impacts of higher density. Mr. Thomas responded that Planning had not looked at that; it would be hard to estimate. He added that the density bonus could come into play for development on Park Street North of Lincoln. Since the 25 percent inclusionary requirement has been in effect in the redevelopment areas, only two projects have been affected: 1) Catellus, which is a partnership with the City; and 2) Grand Marina, which is totally private but currently on hold. Ms. Little noted that housing projects consisting of a mix of market rate and affordable units have a hard time getting financing.
- The Chair stated from an economic perspective, 15 percent is wiser and could result in more development in the redevelopment areas.
- Ms. Little stated that the EDC's comments would be provided to Mr. Thomas, who would then submit them to the Planning Board for consideration at its first meeting in June.

7. REPORTS

7.a. Report by Commission Member Harrison, Chair of the Business Retention Subcommittee

Commission Member Harrison reported on the subcommittee's first meeting, which was held on March 19. At that meeting, the subcommittee discussed holding three or four informative forums for local businesses, specific to the three business districts and Alameda Towne Centre. The forums would be a way of getting direct feedback from businesses. The subcommittee would also draft a survey for current business owners. Ms. Soto offered Development Services staff assistance to help set up a subcommittee meeting the next week as well as assistance with the forums, such as checking dates and coordinating advertising. The Chair stated that she had sent out a Survey Monkey draft to the other subcommittee members for their review and comment. She also emphasized that Council Member Matarrese wanted the subcommittees' work products ready by June so they could be part of the budget process.

7.b. Report by Commission Member Milgram, Chair of the Business Attraction Subcommittee

Commission Member Milgram reported that she has retained a library researcher and will be posting articles and information to a website for people to access. She stated that she will have to attend a conference in June and would not be able to meet the June deadline for her subcommittee's work product. The Chair asked Commission Member

Milgram if another subcommittee member could fill in for her in June. Commission Member Milgram responded that she would get back to the Chair regarding that.

8. WRITTEN COMMUNICATIONS

8.a. Upcoming EDC Agenda Items

- Mr. Fonstein stated that at the May 21 Regular Meeting, the EDC will be asked to consider recommending that the City Council refer a proposed hotel ordinance for boards and commissions review and endorsement.
- Mr. Fonstein stated that a Marina Village leasing update will be placed on the May 21 agenda.

9. ORAL COMMUNICATIONS – COMMISSION MEMBERS AND STAFF

- Commission Member Harrison commended Mr. Fonstein for his responsiveness to an assistance referral request.
- Mr. Fonstein reported on the following Façade Assistance Program activities:
 - The scaffolding is up at Alameda Beauty College.
 - The Alameda Business Machines building on Santa Clara has new improvements.
 - Lucky 13 and the Pop Inn are expected to be future Park Street clients.
 - There are 11 projects lined up for Webster Street.
 - A dedication ceremony for Chestnut Station is scheduled for Tuesday, May 12, at 2:00 p.m. (Flyers announcing this event were distributed to the Commission Members prior to the meeting.)
- Ms. Soto reported that the Alameda Theatre rehabilitation project will receive an award from the Art Deco Society. Also, the Alameda Architectural Preservation Society will be presenting awards to the Alameda Theatre rehabilitation project and the Ninth Street substantial rehabilitation project.
- The Chair reported on Council Member Matarrese's follow-up meeting for the business community. Pat Keliher of SunCal Companies spoke about the proposed ballot initiative and issues regarding the gathering of signatures. The Chair gave an update regarding the EDC's new business outreach subcommittees.

10. ADJOURNMENT

The meeting was unanimously adjourned at 10:00 p.m.

Respectfully submitted,

Rosemary Valeska
EDC Recording Secretary

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